

S E C R E T SECTION 01 OF 06 ABU DHABI 002781

SIPDIS

FOR PDAS CHENEY FROM AMBASSADOR SISON

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TAGS: [PREL](#) [PGOV](#) [KMPI](#) [PTER](#) [ETRD](#) [PHUM](#) [MASS](#) [IZ](#) [AF](#) [TC](#)

SUBJECT: SCENESETTER FOR PDAS CHENEY'S VISIT TO THE UAE

Classified By: AMBASSADOR MICHELE J. SISON, REASONS 1.4 (B) AND (D).

¶1. (C) Summary: We look forward to welcoming you to Abu Dhabi and Dubai. The UAE leadership will be very interested in hearing your perspectives on the latest developments in Iraq and on the Mideast peace process, as well as listening to your views on reform in the region. We have requested meetings with Dubai Crown Prince and UAE Minister of Defense General Sheikh Mohammed bin Rashid (MbR), Deputy Prime Minister and Minister of State for Foreign Affairs Sheikh Hamdan bin Zayed (HbZ), and Minister of Education Sheikh Nahyan bin Mubarak Al Nahyan. You will also have an opportunity to discuss camel jockey and labor issues with Labor Minister Ali bin Abdullah Al Kaabi and Interior Ministry representatives during a visit to a camel jockey rehabilitation center near Abu Dhabi. (The UAEG appreciates the fact that you have accepted their invitation to visit the center.) These meetings will allow us to review our substantial bilateral agenda, to include excellent military-to-military and counterterrorism cooperation, slow but solid progress on a Free Trade Agreement, reform efforts, and trafficking in persons concerns. We have included some points that your interlocutors might raise with you in para 12, and some suggested points for you to make with them in para 13. You will also meet with Emirati educators, civil society, women, and students during a Zayed University event in Abu Dhabi and a small dinner in Dubai. End Summary.

BACKGROUND

¶2. (SBU) The UAE remains a key partner intent on cooperating with us to create a stable economic, political, and security environment in the Middle East. Through our bilateral cooperation, we have been able to maintain U.S. access to their military facilities and work closely with them on the military and law enforcement fronts. We are working to bolster our bilateral law enforcement and export controls programs to promote our global counter-terror and nonproliferation concerns. One of the world's wealthiest countries, the UAE has adopted progressive economic policies that will strengthen its position as the region's pre-eminent hub for trade, transportation, investment and tourism, and contribute to regional economic stability. We are negotiating a free trade agreement that will significantly advance mutual economic interests and ensure that the UAE remains among the top ten countries with which the U.S. runs a trade surplus. We are deeply engaged with the UAE leadership about combating human trafficking. We are also engaging them about their plans to create a more robust civil society that could lead to a more open political system.

¶3. (C) The political transition following the November 2004 death of UAE President Sheikh Zayed has been smooth. President Khalifa has ensured stability by pursuing the same domestic, regional, and international policy priorities as his father. Khalifa and his half-brother, Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed (MbZ), have shared political and economic portfolios in what appears to be an even way, although Khalifa retains ultimate control over Abu Dhabi emirate's, and by extension, the federal government's, purse strings. The composition of federal and emirate-level governing bodies is getting younger and more technocratic. The federal Cabinet's first woman, Economy and Trade Minister Sheikha Lubna Al Qassimi, is a model for younger Emirati women who aspire to play more of a role in the country's political, economic, and social life. (Lubna regrets that she will not be able to meet you during your visit, but told the Ambassador June 20 that she hopes to see you this summer in Washington.)

MILITARY COOPERATION

¶4. (S) The Emirati leadership has tried in earnest to accommodate every U.S. request for military cooperation and assistance. This entails some political risk as the leadership seeks to avoid publicizing our presence on their military installations. This presence is significant, with the 380th Air Expeditionary Wing operating KC-10 and KC-135 tankers, U-2 reconnaissance aircraft, and Global Hawk remotely piloted vehicles conducting non-combat support operations from Al Dhafra Air Base. There are 1,250 steady-state USAF personnel at Al Dhafra, although the

numbers fluctuate during surges and rotations. The ports of Jebel Ali and Fujairah are vital to U.S. Navy interdiction operations, resupply and sustainment, and combat support efforts across the region, and have hosted in excess of 500 USN port visits for each of the past two years (more than any other port outside the U.S.). UAE intelligence officers have deployed to Baghdad and Bagram, participating in coalition intelligence operations.

15. (S) In May, the UAE received the first installment of 80 F-16 Block 60 combat aircraft, a transaction that will cement our relationship for years to come. However, there remain severe training and maintenance challenges for the F-16 program. Citing technology release concerns, the USG has rejected the UAE's request to allow pilots and technicians from Turkey to train pilots and technicians from the UAE and to allow technicians from Turkey to maintain the aircraft. Despite some setbacks in major foreign military sales offers (our rejection of their request for an armed Predator and their rejection of five re-furbished E-2C airborne early warning aircraft in April 2004), our military-to-military relationship remains very strong.

COUNTERTERRORISM

16. (S) The UAE is well aware of its vulnerability to terrorist attacks and has taken a number of steps to enhance its border security and critical infrastructure --) including the use of iris scans at airports -- but there is no overall, coordinated strategy for these efforts. In July 2004, the UAE strengthened its legal authority to respond to terrorist-related activity with the passage of an anti-terrorism law. The law defines terrorism, specifically criminalizes terrorist financing, and sets stiff penalties for violations. The UAE's legal framework to combat counterterrorism finance is robust. The Central Bank has implemented policies to reduce the potential use of the UAE financial system to finance terror by strictly regulating financial institutions and freezing suspect accounts. To further enhance our robust cooperation in the security and counterterrorism fields, Homeland Security Advisor Fran Townsend proposed establishing a Joint Terrorist Finance Coordination Committee (JTFC) to the Central Bank Governor during her visit to the UAE in February. This committee will set terror finance priorities and formalize and coordinate information exchange. Washington is drafting a proposal to submit to the UAEG.

17. (S) Dubai also plays a critical role in advancing our counterterrorism and WMD transshipment priorities. In March 2005, the port of Dubai became the first Middle East seaport to join the Container Security Initiative aimed at screening U.S.-bound cargo containers from being exploited by terrorists. In May 2005, Dubai Ports became the first Middle East seaport to sign an agreement with the U.S. under the U.S. Department of Energy's National Nuclear Security Administration Megaports Initiative, which will allow the port to install special equipment to detect hidden shipments of nuclear and other radioactive materials. In addition, MbR told us last fall that his State Security Directorate had uncovered a network of people, one of whom headed a company in Dubai, that was providing transportation assistance to fighters headed to Fallujah and safe havens to terrorists fleeing Fallujah.

18. REGIONAL ISSUES:

IRAQ

-- (C) We have been able to count on the UAE's strong public support for the Iraqi political process and significant humanitarian and military support. The UAE leadership was disappointed that more Sunnis did not participate in the January 30 elections and that Shi'a moderate Iyad Allawi, whom MbZ and HbZ regard as a friend and the best leader for Iraq, had fared poorly. (Allawi remains a regular visitor to Abu Dhabi.) The UAEG shares our concerns about Iranian interference in Iraq, internal affairs, but it has not publicly criticized Iran to avoid antagonizing Iran and jeopardizing the considerable commercial ties that exist between the UAE and Iran.

-- (SBU) According to the MFA, the UAE provided Iraq with \$216.8 million in assistance from January to December 2003. During former Secretary Baker's visit in January 2004, the UAE committed to cancel Iraq's estimated \$7 billion bilateral debt. However, the UAE has not yet officially negotiated debt-reduction terms with Iraq, although UAEG officials confirm that they have not asked the Iraqis to repay any of the debt that is owed them. We continue to remind the UAEG that a public statement on debt reduction would be useful.

-- (C) The UAE has been working with Germany to provide police and military training to Iraqis in the UAE, as well as 100 trucks for the Iraqi armed forces. In addition, the UAE

contributed over \$8 million toward the transfer of M-113 APCs from Jordan to Iraq, and it donated four light reconnaissance aircraft to Iraq (and trained Iraqi pilots to fly the planes), as well as 45 French-built Panhard APCs, with a pledge of 80 additional M-113 APCs purchased from Switzerland. Iraqi Defense Minister Dulaimi visited Abu Dhabi June 19.

IRAN

-- (S) The UAE's political relations with Iran are strained over Iran's nuclear program and the possibility of a clandestine weapons component, Iran's interference in Iraq's internal affairs, and Iran's continued military occupation of three disputed islands. While the UAE has responded to the perceived threat from Iran by reinforcing its military capability to protect its borders, it has been careful not to jeopardize its substantial business interests with Iran by antagonizing the militarily superior Islamic Republic. The UAEG has also cooperated with us to clamp down on Dubai-based Iranian WMD proliferation activities. Nonetheless, Iran remains one of Dubai's key trading partners.

-- (C) Peace process/aid to Palestinians: The UAE would like to see tangible progress on the Mideast peace process. It continues to support the Palestinian people through substantial project and humanitarian assistance. During a May 7 visit to Gaza, Information Minister Sheikh Abdullah inaugurated Zayed City, a new neighborhood comprising 736 apartments built with \$61 million in UAE assistance. Palestinian President Abbas told Sheikh Abdullah that the UAE was at the forefront in supporting the Palestinians, and that other countries were beginning to emulate the UAE's work in the area of housing, health and infrastructure. According to the MFA, the UAE provided the Palestinians with \$389.6 million in assistance from October 2000 to November 2003.

AFGHANISTAN

-- (S) The UAE has been a strong supporter of President Karzai. A 215-man UAE Special Operations contingent operates alongside U.S. forces in Afghanistan, where they have suffered some casualties. The UAE also trained 35 Bahraini Special Forces who are now deployed at Bagram with their Special Forces, bringing the contingent up to a total of 250 combined troops. UAE assistance to Afghanistan totaled \$41.4 million from September 2001 to December 2003, according to the MFA.

JORDAN

-- (C) We understand that the Abu Dhabi leadership is looking to support the Jordanians and have provided them with project assistance in a number of areas. We have asked the UAE to renew its commitment to provide Jordan with oil assistance, but have not yet received a response.

19. (C) REFORM:

-- POLITICAL: The UAEG's commitment and continued ability to use its sizeable wealth to satisfy the needs of its small citizenry constitute the "ruling bargain" and explain the absence to date of significant popular pressure for change. However, as the UAE becomes an increasingly developed and modern society and its population continues to grow rapidly, traditional consultative mechanisms, such as the open majlis, are becoming less effective. Our democratic reform strategy aims to encourage the ruling families to introduce representative government/elections. We expect there will be a gradual introduction of representative government, most likely at the municipal level in individual emirates. It will be a slow process that the leadership will monitor closely. We suggest you take up this issue in a quiet conversation with HbZ.

-- In addition, we are advocating progress toward an open and independent operating environment for civil society, a free and independent media, and greater transparency and public participation in the legislative and regulatory process. There are no elections, political parties and trade unions are not authorized, and civil society as a whole is weak. Advancing reform in the UAE requires a two-fold approach: quiet -- but frank -- diplomacy with the senior leadership and a bottom-up strategy of programming and dialogue (to include targeting of both youth and female groups) to increase support for reforms among the population at large. Our efforts to strengthen press freedom provide an example of how this two-fold approach can work through MEPI. The bottom-up strategy led MEPI to offer technical assistance to the UAE Journalists Association as they provide the UAEG input on needed press law reforms. In addition to political reforms, the Mission has supported opportunities for economic reform that simultaneously advance our overall reform agenda.

For example, FTA negotiations provide leverage and a possible vehicle for expanding labor rights and improving transparency in the UAE legislative process.

-- MEDIA: The UAEG is in the process of reviewing the outdated and restrictive press and publications law. The existing law exposes journalists to criminal charges for defamation and libel. Information Minister Sheikh Abdullah and MbR have called on the media to push for greater freedom and have said they wanted a new law which emphasizes transparency and openness. The establishment and rapid development of Dubai Media City (DMC), a media free trade zone, is attracting journalists from all over the Arab world. There are currently over 1100 media organizations operating in DMC, including all international media organizations operating in the Arab world.

-- EDUCATION/WOMEN: The UAE leadership, under the forward thinking Minister of Education Sheikh Nahyan, is very open to interaction with the United States in the education sector. The Education Minister encourages program linkages between UAE and U.S. universities and has single-handedly pushed forward an ambitious U.S. consultant team proposal to completely revamp K-12 education. With the exception of some faculties at the UAE University, the language of instruction in all tertiary institutions is English and the administration is predominantly American. Education is free for all nationals. The leadership has encouraged youth to go to the United States, but many Emirati students are choosing Canada and Australia, which they perceive as safer and more welcoming destinations. To facilitate modern, Western-style education for women, the Ministry of Education created the all-women Zayed University, which has campuses in both Dubai and Abu Dhabi. Women comprise approximately 70 percent of the 17,000 student body of the UAE University, the entire student body of the two Zayed University campuses, and half of the students of the Higher Colleges of Technology. Despite the wealth of the country, resources are unevenly distributed, leading to unequal access to educational opportunities found in urban centers. We responded to this need by conceiving and implementing the ACCESS Microscholarship Program. We provided 200 hours of English teaching with American cultural materials, supplemented by field trips and visits by USG officials, to 100 11th grade Emirati boys and girls from disadvantaged areas. Their English levels increased significantly, as did their positive feelings towards the United States. The success of this year's program led ECA to fund our 2006 program at the \$300,000 level.

10. (C) TIP/CAMEL JOCKEYS: The UAE leadership reacted calmly to being downgraded from Tier 2 to Tier 3 in the 2005 TIP report. The leadership viewed the 60-day action plan as "doable" and has taken a proactive stance. UNICEF signed a project agreement with the Ministry of Interior on May 8 to assist the UAEG in the rehabilitation and repatriation of the underage jockeys, as well as their reintegration back into their families and societies. The UAEG has invited you to a camel jockey rehabilitation shelter where young boys, primarily from Pakistan, Bangladesh, and Sudan, are receiving care from social workers before they are humanely repatriated to their home countries. While the UAEG has publicized, and begun to act upon its commitment to address camel jockey issues, the government has been slower to act on trafficking in women for sexual exploitation, or abuse of domestic workers and laborers. G/TIP will send out an officer in mid-July to determine whether the UAEG's progress on the TIP action plan should be reassessed as having made "significant efforts" to bring itself into compliance with the Trafficking Victims Protection Act's minimum standards.

11. (C) FREE TRADE AGREEMENT: The UAE is the second largest economy in the Arab world, behind Saudi Arabia, and (according to preliminary IMF estimates) grew by almost 8 percent in 2004. U.S. non-defense exports to the UAE last year were \$4 billion (about a \$3 billion trade surplus), and there are approximately 500 U.S. companies present in the UAE. We have held two negotiation rounds on a free trade agreement in 2005, will hold a video teleconference between the lead negotiators on June 27, and are aiming for a third round in September. Progress, so far, has been solid, but slow. This is due to the decentralized nature of the UAE federal system, the large complex economy here, and the relative inexperience of the UAE team in dealing with complex negotiations like this. We have identified a number of key issues for both sides including: federal-emirate jurisdictional issues, national treatment for U.S. investors, and the UAE labor law. The UAE's population and private sector workforce are overwhelmingly expatriate, and the UAEG is concerned about the security implications of allowing foreigners full union rights. If the UAE remains on the TIP Tier 3 list, USTR will be unable to bring an FTA to the Hill. While USTR remains hopeful that we can conclude FTA negotiations by the fall, the slow pace may delay completion of negotiations to 2006.

12. (C) The Emiratis are likely to want to raise the following with you:

-- Iraq,s Political Process: Your interlocutors will be keen to hear your views on the evolving political process, and to offer advice on how to generate greater participation from the Sunni community. They will appreciate the Washington perspective on political, economic, and security developments in Iraq.

-- FTA: The UAE is looking for more exceptional treatment/USG flexibility in its FTA negotiations with the USG than USTR is able to provide;

-- Trafficking in Persons: The Emiratis have indicated to us that they will work diligently on each of the steps suggested in the TIP action plan by August 2 (the end of the allotted grace period). You could reiterate our message that fulfillment of the action plan will demonstrate significant efforts by the UAE to eliminate trafficking and elevate the UAE to Tier Two Watch List status.

-- Status of Iran/EU-3 negotiations: The UAE shares our concerns about Iran's nuclear program development. Your interlocutors will be interested in hearing what the USG's strategy is going to be in the coming months, and how the results of the Iranian presidential elections might affect the course of events. President Khalifa met June 7 with Hassan Rowhani, the SecGen of Iran,s Supreme Council for National Security. During that meeting, Khalifa stressed the need for commitment from all countries to eliminate all banned weapons.

-- Saudi Arabia: The Emiratis closely watch developments in Saudi Arabia, and will be keen to compare views on security and political developments in the kingdom. President Khalifa's first official visit was to Riyadh. Your meetings with Sheikh Hamdan would be an opportunity to inquire about the status of negotiations over the Saudi-UAE border, and about the UAE leadership's views of Saudi political process. Saudi Interior Minister Prince Nayef bin Abdul Aziz Al Saud discussed border issues with President Khalifa and HbZ June 14-15.

13. (C) In your meetings, it would be appropriate for you to:

-- thank the UAE for its strong and continued support for the Iraqi political process, as well as political and humanitarian efforts to support stability in Iraq, Afghanistan, and in Gaza/West Bank; (all interlocutors)

-- urge the UAE to commit publicly to Iraqi debt relief; (HbZ)

-- thank the UAE for its commitment to Afghan stability and effective Special Operations deployment to Afghanistan) the first Arab country to commit troops; (HbZ, MbR)

-- thank the UAE for the progress made in combating terrorism and urge continued efforts, especially in the area of terrorism financing; (HbZ)

-- inquire whether authorities have yet prosecuted anyone under the new counterterrorism law; (HbZ, MbR)

-- thank Dubai for being the first Middle East port to join the Container Security Initiative and Megaports Initiative; (MbR)

-- reassure the UAE that the US will continue to take a tough line on Iran's nuclear program; (HbZ, MbR)

-- note that prompt action on the TIP 60-day action plan could result in the UAE being raised from Tier Three to Tier Two "Watch List"; salute the political decision to abolish practice of using underage camel jockeys (HbZ, MbR, Al Kaabi)

-- acknowledge steps taken to identify, care for, and humanely repatriate the boys; underscore need to take prompt action on TIP action plan; (Al Kaabi)

-- inquire about the status of the new labor law and the new law that will allow the creation of trade unions; (Al Kaabi)

-- express appreciation of U.S. business for conducive business and investment climate (there are over 500 U.S. companies operating in the UAE). Note progress on FTA negotiations and importance of this agreement to both countries; (MbR)

-- note that passing an export control law would give the UAE greater ability to act against transshipments of controlled items; (HbZ, MbR)

-- note solid law enforcement cooperation, but that it is both our interests to restore cooperation on the return of fugitives and timely exchange of evidence on criminal

proceedings; (Hbz, MbR)

-- commend the Minister of Education for his bold education reform initiatives. Underscore our readiness to work with Ministry of Education and Educational Zone officials to support their reform efforts; (Nahyan)

-- thank the Minister of Education for the Ministry's cooperation in helping us develop the Microscholarship Program this past year; program will be expanded in coming school year. (Nahyan)

SISON